

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.

B.Com.(PA) END SEMESTER EXAMINATIONS APRIL-2022

SEMESTER - II

19UPACT2003 - Advanced Financial Accounting

Total Duration : 3 Hrs.

Total Marks : 60

Section A

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. A Madras head office has a branch at Salem to which goods are invoiced at cost plus 20%. From the following particulars, show the Branch A/c in the head office books:

Details	Rs.
Goods sent to branch	2,10,000
Total sales	2,06,400
Cash sales	1,10,400
Cash received from Branch Debtors	88,000
Branch debtors on 1.1.2021	24,000
Branch stock on 1.1.2021	7,680
Branch stock on 31.12.2021	13,440

2. The following purchases were made by a business house having three departments:

Department A – 1,000 units	At a total cost of Rs.1,00,000
Department B – 2,000 units	
Department C – 2,400 units	

Stocks on 1st January were:

Department A – 120 units

Department B – 80 units

Department C – 152 units

Sales were:

Department A – 1020 units at Rs.20 each

Department B – 1920 units at Rs.22.50 each

Department C – 2496 units at Rs.25 each

The rate of gross profit is same in each case. Demonstrate Departmental Trading Account.

3. Mr. X purchased a machine on hire purchase system Rs.3,000 being paid on delivery and the balance in five instalments of Rs.6,000 each, payable annually on 31st December. The cash price of the machine was Rs.30,000. Solve the sum by calculating the amount of interest for each year.

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4. R and L who share profits in the ratio of 3:2 had capital of Rs.1,00,000 and Rs.75,000 respectively. They agree to admit 'M' into partnership from 1st Jan 2021 on the following terms in return for $\frac{1}{3}^{rd}$ share in the future profits.
 (a) that M should bring in Rs.50,000 as capital.
 (b) that M is unable to bring his share of goodwill in cash. The goodwill of the firm be valued at Rs.1,20,000. List journal entries in the books of the firm.
5. The Balance Sheet of a firm as on 31.03.2022 was as follows:

Liabilities	Rs.	Assets	Rs.
Capital A/cs:		Buildings	8,000
X	5,000	Investments	2,000
Y	4,000	Debtors	1,000
Z	3,000	Cash	3,000
Creditors	2,000		
Total	14,000	Total	14,000

The partnership was dissolved on the above date. Sundry creditors were paid at a discount of 5%. X agreed to take over the buildings at Rs.9,000, Y the investments at Rs.1,500 and Z the Sundry debtors at Rs.600. The expenses of realization came to Rs.110. Solve the realization a/c only.

6. Don, Bun and Tine are partners sharing profits in the ratio of 2:3:5. Goodwill appears in their books at a value of Rs.60,000. Don retires and on the day of Don's retirement goodwill is valued at Rs.30,000. Bun and Tine decided to share the future profits equally. Dissect the necessary journal entries for goodwill.
7. Distinguish between hire purchase system and instalment purchase system.
8. Explicate the bases for the allocation of common expenses to different departments of an organization.

Section B

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. A head office at Bhopal invoices goods to its branch at Indoor at cost, and the branch sells the goods not only for cash but on credit also. The expenses of the branch are paid by the head office. From the following particulars relating to the branch opened on 1.1.2021, arrange the necessary accounts under stock and debtors system in the head office books.

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SEMESTER - II
19UPACT2003 - Advanced Financial Accounting

Details	Rs.
Goods sent to branch at cost	5,000
Goods returned by branch (cost)	300
Expenses paid by head office	1,000
Remittance from branch	4,200
Receipts from debtors not paid by branch	300
Credit sales	5,200
Discount allowed	180
Cash sales	250
Branch stock closing	1,700
Branch debtors closing	770

10. A firm had two departments, cloth and ready-made garments. The garments were made by the firm itself out of cloth supplied by the cloth department at its usual selling price. From the following figures, summarize the departmental trading and profit and loss account for the year ended 31.3.2022:

Details	Cloth Department (Rs.)	Ready-made Department (Rs.)
Stock (1.04.21)	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Tr. to ready-made	3,00,000	-
Manufacturing Exp.	-	60,000
Selling Exp.	20,000	6,000
Stock (31.03.22)	2,00,000	60,000

The stock in the ready-made garments department may be considered as consisting of 75% cloth and 25% other expenses. The cloth department earned gross profit at 15% in 2020-21. General expenses of the business as a whole came to Rs.1,10,000.

11. Delhi Tourist Service Ltd. purchased from Maruti Udvog Ltd. a motor van on 1st April 2009 the cash price being Rs.1,64,000. The purchase was on hire purchase basis, Rs.50,000 being paid on the signing of the contract and, thereafter, Rs.50,000 being paid annually on 31st March, for three years, Interest was charged at 15% per annum. Depreciation was written off at the rate of 25% per annum on the reducing instalment system. Delhi Tourist Service Ltd. closes its books every year on 31st March. Diagnose the necessary ledger accounts in the books of Delhi Tourist Service Ltd.

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12. The Balance Sheet of Padma and Renuka on 31st March 2020 is set out below:
They share profits and losses in the ratio of 3:1.

Liabilities	Rs.	Assets	Rs.
Capital A/cs:		Building	30,000
Padma	40,000	Furniture	2,000
Renuka	30,000	Stock	8,000
Reserve	20,000	Debtors	50,000
Creditors	10,000	Cash	4,000
		P & L A/c	6,000

They agreed to admit Kavitha into the firm, subject to the following terms and conditions:

- She will be entitled to one-fourth share of the profits.
- She will bring in Rs.21,000 of which Rs.10,000 will be treated as her share of goodwill to be retained in the businesses.
- Depreciation is to be provided on furniture @ 15%.
- Stock to be revalued at Rs.6,500.
- 50% of the reserve is to remain as a provision for Bad and Doubtful Debts.

Justify the journal entries to give effect to these arrangements and reveal the Balance Sheet of the new firm.

13. Ram, Shyam and Mohan are partners sharing profits and losses as to 2:2:1. Their Balance Sheet as on 31.12.2021 is as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	4,000	Cash	5,000
Capital A/cs:		Debtors	4,000
Ram	10,000	Stock	5,000
Shyam	4,000	Fixtures	2,000
Mohan	2,000	Machinery	9,000
Reserve	5,000		
Total	25,000	Total	25,000

They decided to dissolve the business, the following are the amounts realized: Machinery Rs.8,500; Fixtures Rs.1,500; Stock Rs.7,000 and Debtors Rs.3,700.

Creditors allowed a discount of 2%. Realization expenses amounted to Rs.900. There was an unrecorded asset of Rs.500 which was taken over by Shyam at Rs.400.

Portray necessary accounts to close the books of firm.
